

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
Tori Hunthausen,
Chief Deputy Legislative Auditor



EXHIBIT 1
DATE 3-24-07
HB 160
Deputy Legislative Auditors:
James Gillett
Angie Grove

TO: Scott Seacat, Legislative Auditor
FROM: Cindy Jorgenson, Audit Manager
DATE: March 22, 2007
RE: Comparison of House Bills 3 and 160 to the audit report of the Department of Natural Resources and Conservation for the two fiscal years ended June 30, 2006.

In the audit report of the Department of Natural Resources and Conservation for the two fiscal years ended June 30, 2006, we recommended the department repay the trust funds for amounts inappropriately diverted for the purpose of paying administrative costs. We were asked to reconcile the amounts contained in our recommendations to the proposed payments provided for in House Bill 160, with and without amendments, and House Bill 3. The attached spreadsheet reconciles these amounts.

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Comparison of House Bill 3 and House Bill 160 to DNRC 06-17 Audit Report
March 22, 2006

	Diversions Reported in the 06-17 Audit Report				Estimated Interest To 6/30/07 ³	Total Diversions Plus Interest
	Recommendation			Total		
	#1C	#1D	#3			
Common School		\$ 191,945	\$ 215,631	\$ 407,576	\$ 49,723	\$ 457,299
University of Montana		\$ 5		\$ 5	\$ 1	\$ 6
Morrill Trust	\$ 507,643			\$ 507,643	\$ 428,367	\$ 936,010
Montana State University - 2nd grant		\$ 12,874		\$ 12,874	\$ 1,626	\$ 14,500
Montana Tech		\$ 678		\$ 678	\$ 84	\$ 762
State Normal School		\$ 5,388		\$ 5,388	\$ 673	\$ 6,061
School for the Deaf and Blind		\$ 660		\$ 660	\$ 81	\$ 741
State Reform School		\$ 7,502		\$ 7,502	\$ 959	\$ 8,461
Capitol Building		\$ 25,848		\$ 25,848	\$ 3,301	\$ 29,149
Total	\$ 507,643	\$ 244,900	\$ 215,631	\$ 968,174	\$ 484,815	\$ 1,452,989

	House Bill 3		House Bill 160		House Bill 160 with Amendments	
	Payment Amounts	Difference Between Total Diversion Plus Interest and HB 3 ¹	Payment Amounts	Difference Between Total Diversion Plus Interest and HB 160 ²	Payment Amounts	Difference Between Total Diversion Plus Interest and HB 160, amended ⁴
Common School	\$ -	\$ 457,299	\$ 457,297.81	\$ 0.99	\$ 456,866.68	\$ 432.12
University of Montana	\$ 5	\$ 1	\$ 5.94	\$ (0.32)	\$ 5.94	\$ (0.32)
Morrill Trust	\$ 507,643	\$ 428,367	\$ 937,897.07	\$ (1,887.00)	\$ 937,897.56	\$ (1,887.49)
Montana State University - 2nd grant	\$ 12,874	\$ 1,626	\$ 14,500.19	\$ (0.09)	\$ 14,500.19	\$ (0.09)
Montana Tech	\$ 678	\$ 84	\$ 761.97	\$ 0.49	\$ 761.97	\$ 0.49
State Normal School	\$ 5,388	\$ 673	\$ 6,060.68	\$ 0.25	\$ 6,060.68	\$ 0.25
School for the Deaf and Blind	\$ 660	\$ 81	\$ 741.58	\$ (0.26)	\$ 741.58	\$ (0.26)
State Reform School	\$ 7,502	\$ 959	\$ 8,460.43	\$ 0.16	\$ 8,460.43	\$ 0.16
Capitol Building	\$ 25,848	\$ 3,301	\$ 29,149.38	\$ (0.25)	\$ 29,149.38	\$ (0.25)
Total	\$ 560,598	\$ 892,391	\$ 1,454,875.05	\$ (1,886)	\$ 1,454,444.41	\$ (1,455.39)

¹House Bill 3 does not pay accrued interest on the amounts diverted. House Bill 3 also does not pay the Common School trust the \$407,576 diverted from the trust.

²House Bill 160 includes a post-audit adjustment of \$1,887 for the Morrill Trust. House Bill 160 contains repayment amounts to the penny, resulting in immaterial rounding differences in the other trusts. Of the \$1,454,875.05 total addressed in House Bill 160, \$968,427.86 is appropriated from the General Fund and \$486,447.19 is transferred from the General Fund.

³Calculated by Legislative Fiscal Division

⁴House Bill 160 Amendments modify the method of repayment to the trusts. The diversions and interest associated with distributable revenues are repaid through a General Fund appropriation. The diversions and interest associated with permanent revenues are repaid through a General Fund transfer. Of the \$1,454,444.41 total addressed through the amendments, \$1,315,345.72 is appropriated from the General Fund and \$139,098.69 is transferred from the General Fund. House Bill 160 Amendments do not repay the Common School trust for \$432 in administrative costs recovered from Taylor Grazing revenues, which are not permanent fund revenues per section 17-3-222, MCA, and 46 OP Att'y Gen. No. 27.

Amendments to House Bill No. 160
1st Reading Copy

Requested by Representative John Musgrove

For the House Appropriations Committee

Prepared by Krista Lee Evans
March 24, 2007 (9:20am)

1. Page 1, line 11.

Following: "(1)"

Insert: "(a)"

2. Page 1, line 12.

Strike: "\$937,897.07"

Insert: "\$822,774.07"

3. Page 1, line 13.

Following: "amount of"

Insert: "distributable"

4. Page 1, line 14.

Following: "lands."

Insert: "(b) There is transferred \$115,123.49 from the general fund to the Morrill Act permanent trust fund for the purpose of repaying the Morrill Act trust fund the amount of permanent fund money plus interest that has been diverted for administrative costs on Morrill Act trust lands."

5. Page 1, line 15.

Following: "appropriated"

Insert: "from the general fund"

6. Page 1, line 16.

Following: "the amount of"

Insert: "distributable"

7. Page 1, line 23.

Strike: "\$741.58"

Insert: "\$10.40"

8. Page 1, line 24.

Strike: "\$8,460.43"

Insert: "\$19.24"

9. Page 1.

Following: line 24

Insert: "Common Schools Guarantee Account	\$206,316.75
Capitol Buildings	\$29,149.38"

10. Page 1, line 25.

Following: "transferred"

Insert: "from the general fund"

11. Page 1, line 26.

Following: "amount of"

Insert: "permanent fund"

12. Page 1, line 29.

Strike: "\$216,642.16"

Insert: "\$10,038.28"

13. Page 1, line 30.

Strike: line 30

Insert: "State Reform School Trust Fund	\$8,441.19
The trust established for the support of the School for the Deaf and Blind	\$731.18"

14. Page 2, line 1.

Following: "(4)"

Insert: "(a) There is appropriated \$235,747.10 from the general fund to the common schools guarantee account for the purpose of repaying the common schools the amount of distributable money that was diverted to allow the department of natural resources and conservation to fully fund the trust land administration account provided for in 77-1-108 to pay administrative costs that were allocated to the capitol building trust, the state reform school trust, and the Montana tech of the university of Montana trust.
(b) "

Strike: "\$240,655.65"

Insert: "\$4,764.55"

15. Page 2, line 2.

Following: "the amount of"

Insert: "permanent fund"

- END -